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Supreme Court, U.S.
FILED
SEP 25 1995
CLERK

No. 95-143

In The

Supreme Court of the United States

October Term, 1995

INTERNATIONAL RECTIFIER CORPORATION,

Petitioner,

v.

SGS-THOMSON MICROELECTRONICS, INC.,

Respondent.

Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

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September 25, 1995

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16 pgs

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Pursuant to Supreme Court Rule 29.1, there are no parent companies or non-wholly owned subsidiaries of the petitioner, International Rectifier Corporation.

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I. EVENTS SINCE THE FILING OF THE PETITION HAVE HEIGHTENED THE IMPORTANCE OF REVIEW BY THIS COURT.

Developments in this case and in *American Airlines, Inc. v. Lockwood*, No. 94-1660, since the filing of International Rectifier Corporation's ("IR's") petition for a writ of certiorari have heightened the need for this Court to grant certiorari and to decide the issue raised by IR's petition.

On July 25, 1995, the United States Court of Appeals for the Federal Circuit issued a published, **precedential** decision denying IR's suggestion for rehearing *en banc* of the Federal Circuit panel decision mandating that this

case be tried to a jury. *In re SGS-Thomson Microelectronics, Inc.*, 35 USPQ2d 1639 (1995) (Opp. App., pp. 1a-3a.)[1] Thus, the Federal Circuit's decision, if left intact by this Court, will require *all* district courts, on demand by any party, to conduct a jury trial in *every* patent case. (*See* Pet., p. 7.) This is so even where the patentee has filed suit seeking only equitable injunctive relief, as IR did here. (*Id.*) Moreover, under the Federal Circuit's reasoning, a Seventh Amendment "right" to a jury trial could extend far beyond patent cases to virtually all declaratory judgment cases. (*See id.*, pp. 6-9.)

The Federal Circuit's decision here is not the first time it has attempted to so expand jury trial rights in a precedential decision, but it is now the only such decision left on the books. On September 1, 1995, this Court vacated the Federal Circuit's precedential decision in *Lockwood*, the first Federal Circuit decision holding that jury trial rights attach to declaratory relief claims. *In re Lockwood*, 50 F.3d 966 (Fed. Cir.), *vacated sub. nom., American Airlines, Inc. v. Lockwood*, ___ U.S. ___ (1995) (the order vacating *Lockwood* is reproduced in the appendix hereto).

Despite this Court's order vacating *Lockwood*, the rule of *Lockwood* lives on in the Federal Circuit's precedential decision in this case.[2] District courts deciding similar jury trial questions are therefore confronted with conflicting authority: arguably controlling precedent from the Federal Circuit in this case versus the strong, contrary signal

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[1] The Federal Circuit's original panel decision has now been published as well, *In re SGS-Thomson Microelectronics, Inc.*, 35 USPQ2d 1572 (1995), but that decision is non-precedential.

[2] This is made clear by Judge Nies' dissenting opinion in **this case**, which recites the facts of this case, notes that "[t]he panel relied on the controlling precedent of *In re Lockwood*" and dissents "from the denial of *en banc* here for the reasons set forth in [her] *Lockwood* dissent." (Opp. App., p. 3a.)

sent by this Court when it vacated *Lockwood*. The potential for confusion and inconsistent jury trial "rights" created by this conflict can be avoided if the Court reviews the Federal Circuit's decision in this case – or vacates it as this Court vacated *Lockwood*.

II. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH THIS COURT'S PRECEDENTS.

SGS-Thomson Microelectronics, Inc. ("ST") attempts to justify the Federal Circuit's decision by citing *Simler v. Conner*, 372 U.S. 221 (1963). (Opp. Brief, p. 7.) But, in truth, *Simler* directly undermines the Federal Circuit's ruling.

In *Simler*, this Court held that a jury trial right attached in a declaratory relief action because the "basic character" of the underlying controversy was "legal," not "equitable" (the case involved a dispute over fees under a contract). Applying this test here, it is readily observed that the basic character of the underlying controversy is the epitome of a suit in equity – a suit seeking only an injunction. (*See* Pet., pp. 10-11.)

Even ST agrees "that there is no right to jury trial in equitable actions . . . . " (Opp. Brief, p. 7.) Thus, under *Simler*, the existence of declaratory relief claims does not change the basic character of the parties' dispute – nor does it give rise to jury trial rights that otherwise do not exist.[3]

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[3] The other case on which ST principally relies, *Beacon Theaters, Inc. v. Westover*, 359 U.S. 500 (1959), is inapposite for the reasons previously stated. (Pet., p. 19.)

III. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH DECISIONS OF OTHER CIRCUITS.

ST attempts to avoid the circuit conflict created by the Federal Circuit's decision here by attributing a false position to IR:

ST's Statement of IR's Position

As a threshold matter, IR concedes that "Federal Circuit decisions . . . do not create conflicts among the circuits because the Federal Circuit maintains exclusive subject matter jurisdiction over patent appeals. *See* 28 U.S.C. § 1295(a)(1)."

(Opp. Brief, p. 9 (ellipses and quotation marks in original).)

IR's Statement

Typically, Federal Circuit decisions ***interpreting substantive patent laws*** do not create conflicts among the circuits because the Federal Circuit maintains exclusive subject matter jurisdiction over patent appeals. *See* 28 U.S.C. § 1295(a)(1). ***But, where, as here, the Federal Circuit's decision does not depend on an interpretation of the patent laws, the Federal Circuit can create a circuit conflict.***

(Pet., p. 13 (bold italics indicate words omitted from ST's quotation of IR's statement).)

It will take more than ellipses to resolve the conflict among the circuits. As observed already (*see* Pet., pp. 14-15), the absence of claims for monetary relief led the Ninth Circuit to hold that there is no jury trial right in either a patent case, *Shubin v. U.S. District Court*, 313 F.2d 250 (9th Cir.), *cert. denied*, 373 U.S. 936 (1963), or a trademark case, *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296 (9th Cir. 1979). The Federal Circuit here, on the same essential facts, came to the opposite conclusion.

(*See* Pet., p. 15.) A ruling on the merits by this Court is required to resolve this conflict.

ST is no more accurate in its assessment that this Court's decision in *Cardinal Chemical Co. v. Morton International, Inc.*, 113 S. Ct. 1967 (1993), somehow "superseded" decisions in conflict with the Federal Circuit's decision here. (Opp. Brief, p. 4.) *Cardinal Chemical* merely overturned the Federal Circuit's practice of dismissing as "moot" claims seeking a declaratory judgment of patent invalidity when there was a determination that the patent-in-suit was not infringed. *Cardinal Chemical* says nothing whatsoever about jury trial rights or the distinction between legal and equitable actions. Just because the merits of a declaratory relief claim must be independently reviewed after an infringement claim is resolved does not mean – or even suggest – that the declaratory relief claim gives rise to jury trial rights that otherwise do not exist.

IV. THE WRIT OF *SCIRE FACIAS* IS IRRELEVANT TO THE QUESTION OF JURY TRIAL RIGHTS IN PATENT CASES.

As noted above, this Court's decision in *Simler v. Conner* teaches that the presence of a declaratory relief claim does not alter the basic character of an action or the parties' rights, if any, to a jury trial. 372 U.S. at 223. Yet that is precisely what ST urges here – that it should gain a jury trial right in an equitable injunction case simply because it has recast its affirmative defenses as declaratory relief counterclaims bearing some resemblance (says ST) to a common law writ of *scire facias*. (Opp. Brief, pp. 12-16.)

Even in *Lockwood* itself, however, the Federal Circuit expressly considered – and rejected – the writ of *scire facias* as the correct historical analog to a declaratory relief claim alleging patent invalidity. 50 F.3d at 974-75

n.9. Accordingly, when ST argues in favor of the writ of *scire facias*, ST necessarily admits error in the prior Federal Circuit decision supposedly justifying that court's decision in this case.

Moreover, ST overreaches in suggesting that *scire facias* was always an action at law with a jury. As Circuit Judge Nies has explained, in 18th-Century England *scire facias* was frequently an action in equity with no jury or with only an advisory jury. *Id.* at 985 (Nies, J., dissenting from denial of rehearing *en banc*). This Court likewise, after observing that writs of *scire facias* in 18th-Century England could be brought in equity, held that there was equitable jurisdiction to invalidate or set aside a patent. *United States v. American Bell Telephone Co.*, 128 U.S. 315, 360-61, 372-73 (1888).

In any event, the Court need not resolve the historical intricacies of *scire facias* to determine whether there are jury trial rights in this case:

> "We need not rest our conclusion on what has been called an 'abstruse historical' search for the nearest 18th-century analog. See *Ross v. Bernhard*, 396 U.S. [531], 538 n.10 [1970]. We reiterate our previously expressed view that characterizing the relief sought is '[m]ore important' than finding a precisely analogous common-law cause of action in determining whether the Seventh Amendment guarantees a jury trial. *Curtis v. Loether*, 415 U.S. [189], 196 [1974]."

Tull v. United States, 481 U.S. 412, 421 (1987).

The Court's admonition is particularly appropriate here because ST, like the Federal Circuit in *Lockwood*, has utterly failed to consider the second, and more important, prong of the Court's longstanding Seventh Amendment test. The second prong – in which the Court must " 'examine the remedy sought and determine whether it is legal or equitable in nature,' " *Granfinanciera, S.A. v.*

Nordberg, 492 U.S. 33, 42 (1989) (quoting *Tull*, 481 U.S. at 417-18) – leads to an obvious conclusion.

No party to this case is seeking monetary relief or recovery of property, the only two forms of relief that this Court has previously held to be legal in nature. (Pet., pp. 16-17, and cases cited therein.) Rather, IR seeks injunctive relief, the archetype of equitable relief (*id.*, p. 11), and ST seeks a declaration of rights, a form of relief traditionally recognized by this Court as being equitable in nature (*id.*, pp. 18-19), and which, in any event, does not alter the basic character of an action or the parties' jury trial rights, if any, in the underlying controversy, *Simler*, 372 U.S. at 223.

Thus, whether or not *scire facias* is the closest historical analog to ST's declaratory relief claims, there can be no denying the fact that the remedies sought in the underlying case (the more important factor in the analysis) are equitable in nature and carry no right to a jury trial.

V. THIS CASE IS NOT MOOT.

ST argues at the outset of its opposition brief that this Court "lacks subject matter jurisdiction over IR's petition" "[b]ecause the case previously pending in the district court has been dismissed and is no longer pending." (Opp. Brief, p. 2.) ST misrepresents the status of proceedings in the district court and the impact of the district court's orders on IR's petition.

In its "dismissal" order of June 7, 1995, as modified *nunc pro tunc* on July 5, 1995 (Opp. App., pp. 5a, 6a-7a), the district court expressly retained jurisdiction to reinstate this action following Patent Office reexamination proceedings and expressly preserved intact all prior rulings and orders of the district court pending reinstatement. (*Id.*, p. 7a.) Such an order is not a final decision on

the merits ending the litigation between the parties,[4] but rather is in substance an order staying the litigation pending the outcome of other proceedings.[5] The stay by the district court here certainly does not divest the district court of its continuing jurisdiction over this action. Likewise, the same stay cannot divest this Court of its continuing jurisdiction to review the extant writ of mandamus issued by the Federal Circuit which binds the district court in this case.[6]

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[4] *See, e.g., Toronto-Dominion Bank v. Central Nat'l Bank & Trust Co.*, 753 F.2d 66, 69-70 (8th Cir. 1985) (purported "judgment" in which the district court retains jurisdiction to amend the judgment on the outcome of other litigation **not** a final appealable judgment); *Willhelm v. Eastern Airlines, Inc.*, 927 F.2d 971, 971-72 (7th Cir. 1991) (case "dismissed with prejudice" subject to being "reopened" if a bankruptcy stay is lifted **not** subject to a final appealable judgment); *Principal Mut. Life Ins. Co. v. Cincinnati TV 64 Limited Partnership*, 845 F.2d 674, 676 (7th Cir. 1988) (dismissal without prejudice permitting reinstatement on motion of a party **not** a final appealable order). "Administrative terminations," while not necessarily final dispositions, are an increasingly common means for removing even temporarily inactive cases from the docket (such as cases that are in substance stayed) for purposes of caseload statistics. 15A Wright, *et al., Federal Practice & Procedure*, § 3914.6, p. 539 (2d ed. 1992).

[5] *See, e.g., Brace v. O'Neill*, 567 F.2d 237, 241-43 (3d Cir. 1977) (an order of dismissal without prejudice "pending final decision in [a] related case" was in substance a stay order); *Quinn v. CGR*, 828 F.2d 1463, 1465 n.2 (10th Cir. 1987) (a case "ordered closed" pending arbitration "to be opened upon a showing of good cause" was "the practical equivalent of a stay").

[6] That the district court action remains a justiciable controversy between the parties will also be confirmed when the Federal Circuit dismisses ST's purported "appeal" from the district court's order. The Federal Circuit has held previously that an order staying patent infringement litigation pending reexamination proceedings in the Patent Office is not a final, appealable order. *Gould v. Control Laser Corp.*, 705 F.2d 1340 (Fed.

ST also suggests that "[e]ven if the jury trial issue is not technically moot, the contingencies presented by the PTO reexamination proceedings nevertheless counsel against reviewing that question at this juncture." (Opp. Brief, p. 6 n.1.) But ST's argument that this Court should wait to review the Federal Circuit's jury trial ruling because Patent Office "reexamination proceedings may result in patent claims somewhat (or even substantially) different from the claims that were initially the subject of this suit" (*id.*) is a red herring. Either the parties have a right to a jury trial or they do not; the wording of patent claims simply has no bearing on that question.

In all events, it makes complete sense to consider the jury trial issue now rather than later. That issue is not moot; indeed, it is hotly contested. The parties have now fully briefed the issue in the district court, before the Federal Circuit and on petition to this Court. No practical benefit would be gained by delaying consideration of the jury trial issue until the stay is lifted in the district court. To the contrary, even assuming there were a vehicle available by which IR could again elevate the jury trial question to this Court, redundant briefing before the district court and duplicative petitions to the Federal Circuit and this Court would be inevitable.

Moreover, if the Federal Circuit's ruling is left intact, ST undoubtedly will take the position that the ruling is law of the case and, right or wrong, controls the method of trial. Such a result would be unfair in the extreme. The ruling also will bind other courts with similar jury trial issues. (*See, supra*, p. 2 & n.2.) Thus, at a minimum, the Court should vacate the Federal Circuit's decision here as this Court vacated *Lockwood*.

Cir.), *cert. denied*, 464 U.S. 935 (1983). IR's motion to dismiss ST's premature "appeal," filed July 19, 1995, is still under consideration by the Federal Circuit.

CONCLUSION

ST has done nothing to rebut the many reasons for granting certiorari set forth in IR's petition. Accordingly, IR respectfully requests that its petition be granted. Even if the Court chooses not to review the Federal Circuit's jury trial ruling in this case at this time, IR respectfully urges the Court to vacate that ruling as the Court vacated the Federal Circuit's decision in *Lockwood*.

September 25, 1995

Respectfully submitted,

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